Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

SINO GOLF HOLDINGS LIMITED
順龍控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00361)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

FINANCIAL HIGHLIGHTS

Results	For the six months ended 30 June		
	2009	2008	Changes
	HK$'000	*HK$'000*	*Increase/*
	(Unaudited)	(Unaudited)	*(Decrease)*
Group turnover	**138,017**	254,957	(45.9%)
from golf equipment segment	**112,292**	194,019	(42.1%)
from golf bag segment	**25,725**	60,938	(57.8%)
Gross Profit	**17,554**	60,766	(71.1%)
EBITDA	**(1,595)**	24,609	(106.5%)
(Loss) profit attributable to equity holders of the Company	**(15,872)**	10,645	(249.1%)
	HK cents	*HK cents*	
(Loss) Earnings per share attributable to equity holders of the Company			
– Basic	**(5.25)**	3.52	
– Diluted	**N/A**	N/A	
Interim dividend per ordinary share	**–**	1.50	

FINANCIAL HIGHLIGHTS *(continued)*

Group

- Unprecedented in the Group's history, a loss was incurred for the period due to the substantial depression in turnover brought about by the impact of financial crisis.

- The average gross profit margin decreased to 12.7%, mainly attributable to the impact of non-recovered fixed overheads including depreciation against a reduced turnover.

- EBITA for the first half of 2009 decreased to a loss of approximately HK$1.6 million from a profit of HK$24.6 million for the comparative preceding period, mainly due to the depressed turnover and lower gross profit margin.

Golf Equipment Segment

- The Shandong manufacturing facility is expected to generate extra revenues with increased contribution taking advantage of the lower labor and operating costs in the northern part of China.

- A rebound in the golf equipment business is anticipated during the second half year when bulk shipments to a newly established first tier customer commence in later part of the year.

Golf Bag Segment

- SOE compliance provides the customers with a greater assurance on product quality and orders fulfillment that strengthens the Group's competitive advantage.

- Despite a challenging environment with great pressure, the most difficult period should have been over with a chance of recovery expected.

INTERIM RESULTS

The Board of Directors (the "Board") of Sino Golf Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the " Group") for the six months ended 30 June 2009 which have been reviewed by the Company's audit committee, together with the comparative figures for the six months ended 30 June 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**138,017**	254,957
Cost of sales		**(120,463)**	(194,191)
Gross profit		**17,554**	60,766
Other operating income	*5*	**2,535**	2,523
Selling and distribution costs		**(3,369)**	(7,458)
Administrative expenses		**(23,124)**	(29,305)
Other expenses		**(4,418)**	(6,091)
Finance costs	*6*	**(5,050)**	(9,590)
(Loss) Profit before tax	*7*	**(15,872)**	10,845
Income tax expenses	*8*	**–**	(200)
(Loss) Profit for the period		**(15,872)**	10,645
Attributable to:			
Equity holders of the Company		**(15,872)**	10,645
Minority interests		**–**	–
		(15,872)	10,645
Dividends	*9*	**–**	4,533
(Loss)/Earnings per share attributable to equity holders of the Company	*10*		
Basic		**HK(5.25) cents**	HK3.52 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) Profit for the period	**(15,872)**	10,645
Other comprehensive income		
Exchange difference arising on translation of foreign operations	**–**	9,319
Total comprehensive (loss) income for the period	**(15,872)**	19,964
Attributable to:		
Equity holders of the Company	**(15,872)**	19,964
Minority interests	**–**	–
	(15,872)	19,964

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2009

	Notes	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**251,985**	258,786
Prepaid land lease payments		**20,983**	21,094
Goodwill		**22,180**	22,180
Club debentures		**2,135**	2,135
Deposits and other receivables		**1,592**	2,166
Prepayments for acquisition of property, plant and equipment		**3,011**	3,044
		301,886	309,405
Current assets			
Inventories		**157,691**	168,359
Trade and other receivables	*12*	**74,670**	77,003
Prepaid land lease payments		**628**	551
Derivative financial instrument	*13*	**128**	97
Cash and cash equivalents		**13,498**	30,079
		246,615	276,089
Current liabilities			
Trade and other payables	*14*	**59,293**	89,178
Amounts due to minority shareholders of a subsidiary	*15*	**462**	462
Tax payable		**488**	1,120
Bank borrowings	*16*	**184,123**	165,774
Obligations under finance leases		**1,304**	1,382
		245,670	257,916
Net current assets		**945**	18,173
Total assets less current liabilities		**302,831**	327,578
Non-current liabilities			
Bank borrowings	*16*	**60,159**	68,408
Obligations under finance leases		**104**	730
Deferred tax liabilities		**2,010**	2,010
		62,273	71,148
Net assets		**240,558**	256,430
Capital and reserves			
Share capital	*17*	**30,220**	30,220
Reserves		**207,836**	223,708
Equity attributable to equity holders of the Company		**238,056**	253,928
Minority interests		**2,502**	2,502
Total equity		**240,558**	256,430

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to equity holders of the Company										
	Share capital	**Share premium**	**Contributed surplus**	**Assets revaluation reserve**	**Exchange fluctuation reserve**	**Share option reserve**	**Retained profits**	**Proposed final dividend**	**Total**	**Minority interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2009	**30,220**	**57,270**	**10,564**	**24,360**	**33,360**	**–**	**98,154**	**–**	**253,928**	**2,502**	**256,430**
(Loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(15,872)**	**–**	**(15,872)**	**–**	**(15,872)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive (loss)	**–**	**–**	**–**	**–**	**–**	**–**	**(15,872)**	**–**	**(15,872)**	**–**	**(15,872)**
At 30 June 2009	**30,220**	**57,270***	**10,564***	**24,360***	**33,360***	**–***	**82,282***	**–**	**238,056**	**2,502**	**240,558**
At 1 January 2008	30,220	57,270	10,564	24,360	19,684	312	89,063	7,555	239,028	2,571	241,599
Profit for the period	–	–	–	–	–	–	10,645	–	10,645	–	10,645
Other comprehensive income	–	–	–	–	9,319	–	–	–	9,319	–	9,319
Total comprehensive income	–	–	–	–	9,319	–	10,645	–	19,964	–	19,964
Dividends paid	–	–	–	–	–	–	–	(7,555)	(7,555)	–	(7,555)
At 30 June 2008	30,220	57,270	10,564	24,360	29,003	312	99,708	–	251,437	2,571	254,008

* *These reserve accounts comprise the consolidated reserves of the Group of HK$207,836,000 (31 December 2008: HK$223,708,000) in the condensed consolidated statement of financial position*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(16,023)**	(2,810)
NET CASH USED IN INVESTING ACTIVITIES	**(4,903)**	(35,278)
NET CASH FROM FINANCING ACTIVITIES	**4,345**	16,263
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(16,581)**	(21,825)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**30,079**	72,163
CASH AND CASH EQUIVALENTS AT 30 JUNE	**13,498**	50,338

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2008.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2009.

HKAS 1 – Revised Presentation of Financial Statement

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 – Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any material effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in Note 4.

The Group has not early applied those new and revised standards, amendments or interpretations that have been issued but are not yet effective, the directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

HKFRSs (Amendments)	Improvements to HKFRSs May 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs April 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standard[3]
HKFRS 2 (Amendments)	Share-based Payment – Group Cash-Settled Share-based Payment Transaction[6]
HKFRS 3 (Revised)	Business Combinations[3]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC)-Int 17	Distributions of non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[5]

1 Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods ending or after 30 June 2009
5 Effective for transfer of assets from customers received on or after 1 July 2009
6 Effective for annual periods beginning on or after 1 January 2010

The application of HKFRS 3 (Revised) may affect the accounting for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or INTs will have no material impact on the results and the financial position of the Group.

3. TURNOVER

Turnover represents the net invoiced value of goods sold after allowances for goods returns and trade discounts received and receivable during the period.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker of the Group has been identified as the Chairman of the Board.

The Group has two operating segments: golf equipment segment and golf bag segment. They represent two major types of products manufactured and sold by the Group. The segments are managed separately.

4. SEGMENT INFORMATION *(continued)*

The following tables present revenue and (loss) profit information regarding the Group's operating segments for the six months ended 30 June 2009 and 2008 respectively.

For the period ended 30 June 2009

	Golf equipment *HK$'000* (Unaudited)	Golf bag *HK$'000* (Unaudited)	Eliminations *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment revenue:				
Sales to external customers	**112,292**	**25,725**	**–**	**138,017**
Intersegment revenue	**–**	**3,055**	**(3,055)**	**–**
Other revenue	**1,623**	**332**	**–**	**1,955**
Total	**113,915**	**29,112**	**(3,055)**	**139,972**
Segment results	**(11,626)**	**224**		**(11,402)**
Interest income				**580**
Finance costs				**(5,050)**
Loss before tax				**(15,872)**
Income tax expenses				**–**
Loss for the period				**(15,872)**

For the period ended 30 June 2008

	Golf equipment *HK$'000* (Unaudited)	Golf bag *HK$'000* (Unaudited)	Eliminations *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment revenue:				
Sales to external customers	194,019	60,938	–	254,957
Intersegment revenue	–	3,130	(3,130)	–
Other revenue	734	1,317	–	2,051
Total	194,753	65,385	(3,130)	257,008
Segment results	16,767	3,196		19,963
Interest income				472
Finance costs				(9,590)
Profit before tax				10,845
Income tax expenses				(200)
Profit for the period				10,645

5. OTHER OPERATING INCOME

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**580**	472
Handing fee income	**335**	–
Rental income	**191**	1,007
Subcontracting income	**482**	–
Tooling income	**157**	238
Others	**790**	806
	2,535	2,523

6. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank overdraft interest	**27**	–
Factoring and bank charges	**1,504**	5,339
Interest on bank loans wholly repayable within five years	**3,506**	4,198
Interest on obligations under finance leases	**13**	53
	5,050	9,590

7. (LOSS) PROFIT BEFORE TAX

The Group's (loss) profit before tax is arrived at after charging:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortization of prepaid land lease payments	**309**	275
Depreciation of property, plant and equipment	**10,421**	9,238
Loss on disposal of property, plant and equipment	**512**	278
Write-off of inventories*	**1,411**	–

* *The write-off of inventories for the period are included in "other expenses" in the face of the condensed consolidated income statement.*

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong		
Charge for the period	**–**	200
Outside Hong Kong		
Charge for the period	**–**	–
	–	200

No provision for Hong Kong Profits Tax has been made as the individual companies comprising the Group and operating in Hong Kong have incurred tax losses during the period.

Taxation arising outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions on profits, if any, earned and taxable under the respective jurisdictions.

9. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009. (six months ended 30 June 2008: HK1.50 cents).

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company for the period of approximately HK$15,872,000 (six months ended 30 June 2008: profit of HK$10,645,000) and the weighted average number of 302,200,000 (six months ended 30 June 2008: 302,200,000) ordinary shares in issue during the period.

No diluted (loss) per share has been presented for the period ended 30 June 2009 as no diluting events existed during the period.

No diluted earnings per share was presented for the period ended 30 June 2008 as the share options of the Company outstanding during that period had no dilutive effect on the basic earnings per share for that period.

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK$5,431,000 (six months ended 30 June 2008: HK$36,629,000) on acquisition of property, plant and equipment.

12. TRADE AND OTHER RECEIVABLES

	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
Trade receivables:		
Trade receivables	**50,664**	49,909
Less: impairment losses recognized	**(11,416)**	(11,416)
	39,248	38,493
Other receivables:		
Prepayments	**5,255**	1,178
Deposits and other receivables	**30,167**	37,332
	35,422	38,510
	74,670	77,003

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally between 30 and 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

The ageing analysis of the trade receivables (net of impairment) of the Group was as follows:

	30 June 2009 HK$'000 (Unaudited)	31 December 2008 HK$'000 (Audited)
Neither past due nor impaired	**33,105**	9,205
1 to 3 months past due	**1,970**	12,894
4 to 6 months past due	**–**	10,206
7 to 12 months past due	**25**	1,624
Over 1 year past due	**4,148**	4,564
	39,248	38,493

13. DERIVATIVE FINANCIAL INSTRUMENT

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Derivative financial asset – current		
Foreign currency option contract	**128**	97

14. TRADE AND OTHER PAYABLES

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade and bills payables	**29,379**	58,314
Customers' deposit received	**8,568**	6,620
Accrual and other payables	**21,346**	24,244
	59,293	89,178

The ageing analysis of trade and bills payables of the Group was as follows:

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**16,407**	38,616
4 to 6 months	**6,339**	13,528
7 to 12 months	**4,576**	4,861
Over 1 year	**2,057**	1,309
	29,379	58,314

15. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF A SUBSIDIARY

The amounts due to minority shareholders of a subsidiary are unsecured, interest-free and repayable on demand.

16. BANK BORROWINGS

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank loans, secured	**44,805**	–
Bank loans, unsecured	**199,477**	234,182
	244,282	234,182
Less: Amounts due within one year shown under current liabilities – secured	**(13,793)**	–
Less: Amounts due within one year shown under current liabilities – unsecured	**(170,330)**	(165,774)
	(184,123)	(165,774)
	60,159	68,408

Certain bank loans of the Group were secured by land and buildings of the Group with carrying values of approximately HK$79,377,000 as at 30 June 2009 (31 December 2008: nil).

17. SHARE CAPITAL

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorized:		
1,000,000,000 ordinary shares of HK$0.1 each	**100,000**	100,000
Issued and fully paid:		
302,200,000 ordinary shares of HK$0.1 each	**30,220**	30,220

18. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its plant and machinery under operating lease arrangements, the general lease term for the leases is one year.

As at 30 June 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants and lessees falling due as follows:

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**31**	270

(b) As lessee

The Group leases certain of its office properties, production plants and staff quarters under operating lease arrangements, with leases negotiated for terms ranging from one to ten years and have remaining lease terms within five years as at 30 June 2009 (31 December 2008: within five years). The Group does not have option to purchase the leased assets at the expiry of the lease period.

As at 30 June 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**4,019**	6,093
In the second to fifth years, inclusive	**504**	4,581
	4,523	10,674

19. CAPITAL COMMITMENTS

The Group had the following capital commitments at the date of statement of financial position:

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Leasehold land and buildings	**1,598**	2,518
Plant and machinery	**665**	4,373
	2,263	6,891

20. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties

		For the six months ended 30 June	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Rental expenses paid to Progolf Manufacturing Company Limited ("Progolf")	*(i)*	**420**	420
Rental income from Sino Sporting Company Limited ("Sino Sporting")	*(ii)*	**93**	93

Notes:

(i) Chu Chun Man, Augustine, a director of the Company, has a beneficial interest in Progolf. The rental expenses were determined at rates agreed between the Group and the corresponding related party.

(ii) Chu Chun Man, Augustine and Chu Yuk Man, Simon, have beneficial interests in Sino Sporting. The rental rates were based on the terms of the agreement entered into among the parties.

20. RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term employment benefits	**3,524**	3,699
Post-employment benefits	**24**	23
Total compensations paid to key management personnel	**3,548**	3,722

21. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

These condensed consolidated interim financial statements were approved and authorized for issue by the board of directors on 28 September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The outbreak of financial tsunami in late 2008 has led to a worldwide economic downturn and hard hit most industries and the commercial sector. The recession was drastic and over-spilled to adversely affect businesses in 2009.

Under the impact of a global recession, the golf industry has suffered an unprecedented fall in its demand for golf equipment and accessory products. The market conditions remained stagnant and depressed during the first half of 2009 as most golf name brands continued to pursue a conservative approach through reducing or rescheduling orders in light of the economic upheavals. Golf equipment manufacturers have been facing great pressure in exploiting revenues while preserving competitive advantage. Though business sentiment is expected to show some extent of improvement in the second half of the year, the global economy is far from a full speed recovery.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Overview *(continued)*

Bombarded by the shrinkage in customer orders, our Group's business was suppressed resulting in a substantial drop in turnover during the first half of 2009. Both the golf equipment and the golf bag business plummeted due to a reduction and rescheduling of customer orders upon a declining market demand. Consolidated turnover for the period decreased significantly and a loss, ever since in the history of the Group, was sustained. The unfavorable results came mainly as a consequence of the short-term depression in the Group's sales, which is anticipated to rebound during the second half of the year when orders from customers partially resume and bulk shipments of golf clubs to a major first tier new customer commence by end of the third quarter to bring extra contributions for the year. The growth potential of business with the newly established top tier customer is huge for 2010 and the years ahead.

Despite facing a challenging environment with fierce competition, the Group was persistent in pursuing its mission to provide one-stop premium services with value added options for its customers and continued to focus on product innovations to substantiate long-term development and strengthen our competitive advantage During the period, the exchange rates of Renminbi currency remained relatively stable, which helped rationalize the cost structure of the Group's operations in the Mainland. To reinforce cost control and enhance productivity, the Group has been actively implementing stringent measures to cut expenditures as well as taking on effective re-engineering programs with an aim to improve efficiency and uplift output. Despite various measures being taken, the impact of the economic downturn has curtailed the Group's business volume and adversely affected the operating results for the period.

Financial Results

Consolidated turnover for the six months ended 30 June 2009 decreased period on period by 45.9% to approximately HK$138,017,000. Loss attributable to equity holders of the Company amounted to approximately HK$15,872,000 for the period in contrast to a profit of HK$10,645,000 for the corresponding period in 2008. Basic loss per share for the period was HK5.25 cents (2008: earnings per share of HK3.52 cents). No diluted loss per share was presented as no diluting events existed during the period. The directors do not recommend the payment of an interim dividend for the period (2008: HK1.5 cents per ordinary share).

During the first half of 2009, turnover of the golf equipment segment declined period on period by 42.1% to approximately HK$112,292,000 and accounted for about 81.4% of the Group's turnover. By a more vulnerable nature, the golf bag segment sustained a greater drop of 57.8% in sales period on period to approximately HK$25,725,000, representing about 18.6% of the Group's turnover. Viewed from another perspective, the percentage decrease in turnover would be 28.5% and 25.6% for the golf equipment and the golf bag segment respectively if compared with that of the second half of 2008, the period during which the economic conditions started to deteriorate remarkably under the impact of the financial crisis. With the depressed sales volume, gross profit for the period diminished to approximately HK$17,554,000 from HK$60,766,000 for the comparative preceding period. On the other hand, average gross profit margin fell to about 12.7% mainly attributable to the impact of non-recovered fixed overheads including depreciation against a reduced turnover.

Financial Results *(continued)*

Other operating income for the period amounted to approximately HK$2,535,000, which comprised mainly interest income; handling fees and subcontracting charges and did not show material fluctuation compared to HK$2,523,000 for the comparative preceding period.

Selling and distribution costs for the period slipped to approximately HK$3,369,000 from HK$7,458,000 for the comparative preceding period, mainly attributable to less commissions and freight charges incurred with a reduced business volume. Administrative expenses decreased to approximately HK$23,124,000 from HK$29,305,000 for the comparative preceding period, mainly owing to a reduction in payroll, traveling and rental expenses. Other expenses for the period fell to approximately HK$4,418,000 from HK$6,091,000 for the corresponding preceding period, mainly because of the savings in research and development expenditures. On the other hand, finance costs for the period was reduced to approximately HK$5,050,000 from HK$9,590,000 for the comparative preceding period, primarily owing to lower prevailing interest rates and a decrease in export factoring charges against a reduced revenue level.

Attributable to the significant decrease in turnover and the impact of non-recovered fixed overheads including depreciation, the Group sustained a loss of approximately HK$15,872,000 for the period in contrast to a profit of HK$10,645,000 for the corresponding period in 2008.

Golf Equipment Business

The golf equipment business remained the main operating segment of the Group that generated about 81.4% of the consolidated turnover during the first half of 2009. Suffering from a declining economy, golf equipment sales for the period fell to approximately HK$112,292,000, representing a 42.1% drop compared to that of the preceding comparative period. Of the segment turnover, golf clubs sales accounted for about 71.9% or HK$80,709,000, while component sales comprising club heads, shafts and accessories constituted the remaining 28.1% or HK$31,583,000. Among the golf clubs sales, the proportion of club sets versus individual clubs was approximately 58.6% and 41.4% respectively. For the component sales, club heads accounted for 87% with shafts and accessories sales taking up the balance.

During the period, sales comprising mainly hybrid irons to the Group's largest customer dropped 24.0% period on period to approximately HK$57,282,000, representing about 51.0% of the segment sales or 41.5% of the Group's turnover. To combat the economic downturn, the Group's largest customer has launched a series of promotion programs to stimulate sales through offering discounts and free items with an aim to uphold its role as one of the best selling irons in the golf market. On the other hand, sales of golf equipment by the Group to other less dominant name brand customers have declined by a greater extent due to limitations in their ability to extend incentives for promoting sales under a prolonged period of recession. Turnover generated from the top five golf equipment customers aggregated to approximately HK$96,770,000, representing about 86.2% of the segment sales or 70.1% of the Group's turnover for the period.

Golf Equipment Business *(continued)*

Since the commencement of operations in the second half of 2008, the Shandong manufacturing facility has mainly been producing club heads for golf clubs assembly at the Group's manufacturing facilities in Guangdong Province, the P.R.C. Following satisfactory launch of trainings for workers, shaft production and assembly operations were further implemented at the Shandong manufacturing facility during 2009 to facilitate its own production of assembled clubs for direct export to customers. This not only helped enhance output efficiency but also reduced transportation cost and other overheads under the operation of an integrated production system. Upon bulk production of golf clubs for a newly established top tier customer in later part of the year, the Shandong manufacturing facility will generate extra revenues with increased contribution for the Group taking advantage of the lower labor and operating costs in the northern part of China. The new manufacturing facility provides an advanced platform to upgrade our Group's capability to effectively serve top tier golf name brands that are in search of alternative high quality supply sources. There is tremendous potential of growth when the Group successfully starts bulk production for the top tier name brands and proves our value for money services. As a medium term plan, the Group has embarked on programs to relocate its bulk production of golf equipment by stages to the Shandong manufacturing facility through consolidating the scale of production facilities in Guangdong Province, the P.R.C. There will be remarkable cost savings over time to improve margins and strengthen the Group's competitive advantage.

Pursuant to sound corporate practices, the Group continued with the policy to hedge wherever possible the recoverability of its receivables through non-recourse factoring and insurance arrangements. Besides, the Group has adopted stringent credit controls to monitor the performance of individual customers with exceptions promptly dealt with and resolved. During the period, the Group did not receive further distribution from the trustee of the Huffy Unsecured Claims Trust in respect of the remaining debt of approximately HK$885,000 owed by the reorganized Huffy. The trustee undertook to ascertain the amount of distributions that may be made by the reorganized Huffy within the current year. Our management will review the circumstances again at the yearend to assure no impairment concern on the recoverability of the balance.

During the period, raw materials and component prices rationalized from the peak to more reasonable levels. Operating costs such as labor and energy expenses decreased under a reduced production scale but the non-recovered fixed overheads have caused a decline in the average gross profit margin due to the depressed sales volume. In support of our customers' effort to exploit sales in a weakened economy, the Group has participated where appropriate in their programs to modify product specifications for promoting sales with competitive pricing. This strategy has helped stabilize business volume to maintain our market share and pave the way for a speedy recovery when the economy rebounds.

Golf Equipment Business *(continued)*

Attributable to the significant depression in sales volume, the golf equipment segment sustained a segmental loss of approximately HK$11,626,000 for the period in contrast to a segmental profit of HK$16,767,000 for the comparative preceding period. Despite a prolonged recession with uncertainties, the Group anticipates a rebound in the golf equipment business during the second half of the year after taking into account the prevailing market conditions and the current order book status including the extra contributions derivable from bulk shipments to a newly established first tier customer in later part of the year. Nevertheless, the management has adopted a cautious view that the golf equipment segment will continue to face great challenges until the global economy resumes a growing trend with flourishing consumer spending and market demand.

Golf Bag Business

The economic recession has brought greater impact on the golf bag segment due to the auxiliary nature of golf bags relative to golf equipment. The credit crunch caused by the financial crisis thus suppressed consumer spending on accessory goods such as golf bags more than on related primary products like golf equipment.

With a higher vulnerability, turnover of the golf bag segment decreased by 57.8% period on period to approximately HK$25,725,000 during the first half of 2009, representing 18.6% of the Group's turnover for the period in contrast to 23.9% for the comparative preceding period. Of the segment turnover, golf bag sales amounted to approximately HK$20,481,000 or 79.6%, while accessories sales comprising mainly shoe bags aggregated to approximately HK$5,244,000 or 20.4%. There has not been significant change in the product mix percentage throughout the years. During the period, sales to the largest golf bag customer decreased by about 55.8% to approximately HK$13,070,000, accounting for 50.8% of the segment sales or 9.5% of the Group's turnover for the period. Turnover from the top five golf bag customers aggregated to approximately HK$22,221,000, representing 86.4% of the segment sales or 16.1% of the Group's turnover for the period.

During the period, sales of the Japan line of products decreased period on period by 55.5% to approximately HK$13,882,000 while sales of the non-Japan line of products, comprising mostly golf bags of American design, dropped by a greater extent of 60.2% period on period to approximately HK$11,843,000. The proportion of the Japan line and the non-Japan line of products was 54.0% and 46.0% respectively with the Japan line of products maintaining a bare majority. The Group has adopted a strategy to actively develop and explore both the Japan line and the non-Japan line of golf bags with an aim to exploit revenues and regain market share. We are consistent in allocating sufficient resources to tape market opportunities that bring us the volume with reasonable pricing.

Golf Bag Business *(continued)*

With the SOE compliant operation, our Group has been entrusted to produce golf bags for most of the major name brands in the golf bag market. The SOE compliance provides a greater assurance on product quality and orders fulfillment and is usually one of the conditions precedent required by the first tier customers in engaging qualified suppliers. Irrespective of the economic downturn, the Group continued to emphasize on maintaining the SOE compliant status, which distinguishes us from other non-qualified competitors in business negotiations. Our Group has possessed distinct competitive advantage over the competitors in dealing with top tier golf bag customers and it is our strategy to uphold the significant role we have established in the golf bag sector through continued focus on product innovations and provision of high standard customer services.

During the period, price of major raw materials for golf bag production such as PVC, PU and nylon fluctuated mildly while the accessories price like those of metal parts and plastic components decreased moderately under the impact of the financial crisis. The Group effectively monitored the materials cost of golf bags through periodic review of suppliers' prices against the market trend and adoption of a diversified purchasing practice to negotiate down the materials price to the extent possible or shift to purchase more from those suppliers that offered better terms and prices. On the other hand, labor cost including welfare and social insurance expenses decreased by the extent to reflect the reduced production scale. To mitigate the impact of the economic recession, the golf bag segment has implemented stringent measures to cut expenditures to rationalize costs and is devoted to continually developing the high-end golf bags to strengthen our competitive advantage and the significant role we established in the golf bag sector.

Adversely affected by the depressed sales volume, the golf bag segment managed to achieve a segmental profit of approximately HK$224,000 during the first half of 2009 as compared with HK$3,196,000 for the comparative preceding period. With a prolonged global recession and having considered the prevailing market conditions and the current order book status, the management adopts a prudent view that the golf bag segment will continue to operate under a challenging environment with great pressure during the second half year but it is believed that the most difficult period should have been over and there is expected a chance of improvement going forward.

Prospects

The financial tsunami has led to a synchronized global recession that hurts all economies by differing extent since late 2008. With its origin stemming from the subprime mortgage crisis of the United States, the financial turmoil brought a lesser impact on the Asian economies other than those export-oriented countries. The Mainland manufacturers that are engaged in exporting products to the United States were thus not immune from the economic downturn but suffering a remarkable shrinkage in business volume due to the depressed market demand. Despite the implementation of massive rescue packages by most governments, the recession has lasted long to continue in 2009 without yet an apparent sign of recovery.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Prospects *(continued)*

Though adversely affected by the depressed economy, our Group has maintained a strong relationship with the customers in our joint effort to combat the financial crisis. We have been adaptive in assisting golf equipment customers to modify product specifications and adjust pricing to promote and stimulate sales in a weakened economy. Despite the intense competition, our Group has successfully established business with a new top tier customer for which bulk shipments of golf clubs are scheduled to commence in later part of the year. This adds great momentum to substantiate the continued development of the golf equipment business and enhances the Group's customer portfolio by taking on new first tier name brands for diversification. Concurrently, the Group is in active liaison with certain other top tier name brands that are looking for competitive supply partners. There is satisfactory progress towards striking a deal and it is hopeful that we may successfully procure some business from these negotiations to strengthen the Group's customer base and facilitate an accelerated recovery. The Shandong manufacturing facility provides the distinctive platform to demonstrate our Group's capability to produce high quality golf equipment for the top tier customers at competitive terms. It is the Group's objective to continually diversify the golf equipment business to a handful of key customers of comparable prominence.

The SOE compliance of the golf bag facility endows our Group to take advantage over other non-qualified competitors, as major name brands usually make SOE compliance a prerequisite in their purchase of golf bags and there is only limited number of SOE compliant vendors in the market. Our Group has been producing golf bags for most first tier name brands as we are a key market player in the golf bag sector throughout the years. The impact of the financial tsunami caused a tumble in the Group's golf bag sales eroding most of the segmental contributions. Due to its auxiliary nature, the golf bag business was hampered by a greater extent when the economic recession lasted a longer period to continue to suppress the market demand and consumer spending. Afforded by the SOE compliant operations, the Group has adopted a strategy to put emphasis on developing high-end golf bags that carry better price and margins. We are also devoted to expanding the golf bag business through the synergy of the Group's golf equipment network to offer one-stop premium services for customers.

Notwithstanding that the recession is not yet over, our Group maintains the confidence to continually establish new first tier customers to broaden and diversify the client profile for a speedy recovery when the economy resumes a growing trend. The Group remains alert and responsive to the prevailing market volatility and endeavors to keep a firm grasp on opportunities that arise from time to time.

The Chairman's Statement in the Company's 2008 annual report included a description of certain risks and uncertainties that could have an effect on the Group's business, future performance or financial condition. We have evaluated the current circumstances and noted no material change in the risk factors that warrants separate disclosure.

Liquidity And Financial Resources

Without fundamental change, the Group continued to generally rely on internally generated cash flows and banking facilities to provide funds for its operations. To properly manage and limit its exposure to financial risks, the Group has adopted effective policies and guidelines to help detect the existence of those risks for appropriate follow up and rectifications.

At 30 June 2009, cash and cash equivalents, which were mostly denominated in United States dollars and Hong Kong dollars, amounted to approximately HK$13.5 million (31 December 2008: HK$30.1 million). The decrease in cash balance was mainly attributable to the net utilization of funds in operating activities during a period of depressed revenue. Notwithstanding that, the Group managed to follow the practice of maintaining sufficient funds to run its operations and discharge the liabilities as they fall due.

Borrowings of the Group are mostly denominated in Hong Kong dollars, United States dollars and Renminbi yuan that carry interest at a certain spread over HIBOR/LIBOR or the interest rate promulgated by the Peoples' Bank of China from time to time. At 30 June 2009, borrowings of the Group including finance lease payable aggregated to approximately HK$245.7 million (31 December 2008: HK$236.3 million), of which approximately HK$185.4 million (31 December 2008: HK$167.2 million) was repayable within one year. The increase in borrowings was mainly the result of a higher utilization of export discounting facilities for receivables not subject to factoring arrangements. The funds generated from the export discounting of receivables were treated as bank loans whilst funds realized from the non-recourse factoring of receivables were applied as a settlement to derecognize the receivables in accordance with the accounting standards. During the period, the Group refinanced some of the retired bank loans in Hong Kong from the banking facilities granted by certain banks in the P.R.C. as the financial market in Hong Kong was credit tight since the outbreak of the financial crisis in late 2008. Pursuant to the arrangements, certain loans from the P.R.C. bankers of approximately HK$44.8 million are secured by the land and buildings of the Group with an attributable carrying value of approximately HK$79.4 million. The gearing ratio, defined as bank loans and finance lease payable less cash and cash equivalents of approximately HK$232.2 million divided by the shareholders' equity of approximately HK$240.6 million, was 96.5% as at 30 June 2009 (31 December 2008: 80.4%). The gearing ratio increased mainly due to the increase in net bank borrowings and the reduction in shareholders' equity.

It is the Group's objective to maintain a financial position that is supportive of its long-term development and need. At 30 June 2009, the total assets and net asset value of the Group amounted to approximately HK$548.5 million (31 December 2008: HK$585.5 million) and HK$240.6 million (31 December 2008: HK$256.4 million) respectively. Current and quick ratios as at 30 June 2009 were 1.00 (31 December 2008: 1.07) and 0.36 (31 December 2008: 0.42) respectively. Both the current ratio and quick ratio decreased as a net utilization of funds in operating activities has occurred during the period. The Group continues to explore feasible means to rationalize and improve its financial position as a corporate goal.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND CONTINGENT LIABILITIES

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of operations to which they relate. The currencies giving rise to this risk are primarily United States dollars and Renminbi.

As at 30 June 2009, the Group had no significant contingent liabilities.

EMPLOYEE AND REMUNERATION POLICIES

At 30 June 2009, the Group employed a total of around 2,300 employees in Hong Kong, Macau, the P.R.C. and the United States. It is the Group's policy to maintain a harmonious relation with its employees through provision of competitive remuneration packages and training programs. The employees were remunerated based on their performance, experience and expertise as well as market practices. The remuneration packages are reviewed annually to assure fairness and appropriateness and discretionary bonuses may be awarded to employees based on individual performance.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors of the Company. It has reviewed with management the accounting polices and practice adopted by the Group and discussed auditing, internal controls, and financial reporting matters including review of the financial statements for the six months ended 30 June 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Upon specific enquiry, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2009.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference pursuant to the provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules. The committee comprises three independent non-executive directors, namely Mr. HSIEH Ying Min, Mr. Choy Tak Ho and Ms. Chiu Lai Kuen, Susanna and two executive directors, namely Mr. Chu Chun Man, Augustine and Mr. Chu Yuk Man, Simon. Mr. HISEH Ying Min is the chairman of the remuneration committee. The remuneration committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of the directors of the Company and senior management of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in Appendix 14 Code on Corporate Governance Practices (the "CG Code") of the Listing Rules throughout the six months ended 30 June 2009, except for certain deviations, which are explained below:

a) The roles of the chairman and chief executive officer have not been separated. The deviation is deemed appropriate as the Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It also considers that the current structure does not impair the balance of power and authority between the Board and the management of the Company.

b) The independent non-executive directors have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye Laws.

COMPLIANCE WITH CHAPTER 13 OF THE LISTING RULES

As at 30 June 2009, the Group had loan facilities, which were subject to, inter alias, a specific performance obligation on the controlling shareholders of the Company during the tenure of such loan facilities. The specific performance obligation relates to a minimum holding by the controlling shareholders in the issued share capital of the Company throughout the tenure of the loan facilities granted to the Group. A breach of the obligation will constitute an event of default. As a result of such breach, the loan facilities may become due and repayable on demand by the relevant lenders according to the respective terms and conditions thereof. The details of the loan facilities and specific performance obligations are as follows:

COMPLIANCE WITH CHAPTER 13 OF THE LISTING RULES *(continued)*

Amount outstanding as at 30 June 2009	Minimum holding in the issued share capital of the Company	Final maturity of the loan facilities
HK$7.5 million	51%	September 2009
HK$20.0 million	over 50%	May 2010
HK$9.2 million	40%	April 2010

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at http://www.hkexnews.hk and on the website of the Company at http://www.sinogolf.com. The interim report will be dispatched to the shareholders and published on both the websites of HKEx and the Company in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my gratitude to all the Group's employees for their continuous support and dedicated services.

By order of the Board
Chu Chun Man, Augustine
Chairman

Hong Kong, 28 September 2009

As at the date hereof, the board of directors of the Company comprises 6 directors, of which 3 are Executive Directors, namely Mr. CHU Chun Man, Augustine, Mr. CHU Yuk Man, Simon and Mr. CHANG Hua Jung, and the rest of 3 are Independent Non-Executive Directors, namely Mr. CHOY Tak Ho, Ms. CHIU Lai Kuen, Susanna and Mr. HSIEH Ying Min.